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FM AMEMBASSY RABAT
TO RUEHC/SECSTATE WASHDC 8087
INFO RUEHCL/AMCONSUL CASABLANCA 3858
RUCPDO/DEPT OF COMMERCE WASHDC
RUEHFR/AMEMBASSY PARIS 4912
RUEHNC/AMEMBASSY NOUAKCHOTT 3647
RUEHAS/AMEMBASSY ALGIERS 4651
RUEHTU/AMEMBASSY TUNIS 9486

UNCLAS RABAT 000103

SIPDIS

DEPT FOR NEA/MAG AND EB/TRA
USDOC FOR ITA/FCS/ANESA GREG LOOSE
USDOC FOR ITA/MAC/HOLLY VINYARD
USDOC FOR ITA/FCS/ADVOCACY CENTER JOSHUA REITZE

SIPDIS
SENSITIVE

E.O. 12958: N/A

TAGS: [EAIR](#) [ECON](#) [MO](#)

SUBJECT: MARRAKECH AEROEXPO - LOCKHEED MARTIN OVERSHADOWS DASSAULT

¶1. (U) In the first aviation trade show of its kind in North Africa, 300 exhibitors from 12 countries gathered for Morocco's inaugural Aeroexpo at the Marrakech airport, January 23-25. Planned as a biannual event, Aeroexpo Marrakech 2008 showcased Morocco's growing aeronautical industry while attracting major aerospace companies from the U.S. and Europe. Lockheed-Martin was the show's biggest attraction, sponsoring daily F-16 flying demonstrations and exhibiting a panoramic F-16 flight-simulator that appeared to harden the cement on the Moroccan F-16 deal.

¶2. (U) Morocco's aeronautical industry has experienced double digit growth in the past five years, with new companies taking advantage of European proximity at lower labor costs. Moulay Belghiti, Director of the Moroccan Aeronautical Industry Association, told econoff that his association has grown from 10 to 60 members in the last five years and now employs over 5,000. According to Transport Minister Karim Ghellab, Morocco's aeronautics industry is on track to experience 20 percent yearly growth, with a goal of employing 12,000 by 2015. In 2006, gross revenues in the sector were approximately USD 400 million.

¶3. (U) The majority of Morocco's aero industry is located in the Casablanca airport industrial center (aeropole) and the Tangier Duty-free Zone. According to Belghiti, the industry mostly consists of small capital firms who supply European customers. Principal products include electrical harnesses, fasteners, and wire-bundles; electronics and avionics parts; and hydraulic and electrical actuator components. While Moroccan industry does not yet include sub-assembly of major components, French engine manufacturer Snecma has a regional engine repair facility in Casablanca in partnership with Royal Air Maroc. Approximately 39 percent of Moroccan aero exports go to France, (EADS/Airbus), with only 5 percent to the U.S., primarily wire-bundles for Boeing.

¶4. (U) Belghiti, who heads a parts and tool distribution business, remarked about the substantial cost of participating in the event. With exhibit floor space costing an average of USD 450 per sq meter, together with display and marketing costs, most companies invested over USD 15,000 for the three day exhibit. Belghiti said 15 - 20 thousand dollars was a substantial, up-front marketing investment for many Moroccan firms, including his. Nonetheless, he is happy he did it, as his company gained lucrative new European business. With this positive 2008 experience, Belghiti predicts even larger Moroccan participation in 2010.

¶5. (SBU) U.S. exhibitors overshadowed their competition, with particularly impressive displays by Lockheed Martin, Hawker

Beechcraft, and Cessna. While Lockheed Martin's F-16 panoramic flight simulator was a huge draw in the exhibitor's pavilion, its daily F-16 flying demonstration was the airshow's main attraction. In addition to the daily flight displays, Lockheed-Martin performed to two additional demonstrations to private audiences. One was for the Moroccan F-5 fighter pilots who have been designated to transition to the F-16 and the second was for members of the Moroccan Parliament involved in the fighter purchase. Notably absent was Lockheed Martin's chief competitor for the Moroccan fighter sale, Dassault Aviation, maker of the Rafale. Note: Aeroexpo occurred just a week following the end of Congressional notification by the Defense Security Cooperation Agency (DSCA) of a possible sale to Morocco of 24 F-16C/D Block 52 fighters, valued at USD 2.4 billion. A formal letter of offer and acceptance (LOA) for the sale is expected to be signed within the coming few weeks. End Note.

¶6. (SBU) Hawker Beechcraft (formerly Raytheon) also made a strong showing in support of finalizing a sale of 24 T-6B trainers to the Royal Moroccan Air Force (RMAF) to replace their aging fleet of T-37s. The regional sales manager for the T-6B reported extremely positive feedback from RMAF leadership and felt confident they would shortly be able to finalize the deal valued at approximately USD 200 million. Note: Congressional notification of the possible sale was made on December 18. End Note.

¶7. (U) A total of ten U.S. firms exhibited at this year's Aeroexpo: Africair (representing Cessna), Airparts Inc, Global Inflight Products, Hawker Beechcraft Corp, ITT Industries, Lockheed Martin, Merex Inc, Pratt & Whitney, S3 International, and Van Bentem Aviation. Although Boeing Corp did not have an exhibit, they hosted a Gala dinner on the first night and were a principal event sponsor. The U.S. Air Force also exhibited, supplying both an F-16C and MC-130H static display. Numerous other U.S. firms attended and walked the floor of the show including Northrop Grumman, Sensis, and Kallman Worldwide, Inc. Post's Commercial Service in Morocco also had an exhibit, offered business counseling, and provided on the ground assistance to companies looking for business opportunities, representatives, or joint venture partners.

¶8. (SBU) A significant limiting factor for the event was insufficient "ramp" space for additional exhibitors and display aircraft. As a result, a U.S. Air Force MC-130H was the show's largest static display and there were no large commercial aircraft exhibits. According to Abdelouahab Yaalaoui, Director of Civil Aviation, the National Airport Authority upgrade plan includes a taxiway and additional ramp space for Marrakech that will be completed before Aeroexpo 2010, permitting expansion of the event to large commercial aircraft. Aeroexpo organizers tell us that they have already received assurance of a large Russian delegation in ¶2010.

JACKSON